

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

UNSTARRED QUESTION NO:932
ANSWERED ON:08.02.2017
Revival of MTNL
Charitra Shri Ram

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the MTNL has been witnessing continuous reduction in profits since 2009-10;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the MTNL has submitted a revival plan to the Government and if so, the details thereof;
- (d) whether MTNL is considering partnering with State run BSNL to provide equipment for its mobile services in Delhi and Mumbai as managed service provider on a revenue sharing basis and if so, the details thereof; and
- (e) whether the PSU is also targeting revenue worth Rs. 1,000 crore in two years from asset monetization and if so, the details thereof?

Answer

THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)

(a) & (b) Mahanagar Telephone Nigam Limited (MTNL) has been witnessing continuous reduction in profits since 2009-10. Details of profit and loss of MTNL from 2009-10 to 2015-16 is as given below:

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Sl.No. Financial Year Profit / (Loss)

(in Rupees Crores)

1 2008-09 211.72

2 2009-10 (2610.97)

3 2010-11 (2801.91)

4 2011-12 (4109.78)

5 2012-13 (5321.12)

6 2013-14 7825.13*

7 2014-15 (2893.39)

8 2015-16 (2005.74)

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* In 2013-14, MTNL made profit due to payment of pension amount and writeback of amortization of Broadband Wireless Access (BWA) Spectrum amounting to Rs.11,620.93 crores.

Reasons for losses of MTNL since 2009-10 is due to:

1. MTNL incurred losses in 2009-10 on account of amortization of 3G/BWA (Broadband Wireless Access) spectrum charges, 2nd wage revision leading to higher payment of wages to employees and provision for pensioner benefits as per actuarial valuation based on the revised pay scales for retirement benefits of employees.

2. 3G/BWA spectrum was purchased for Rs.11097.97 crores. MTNL arranged this amount through loans from banks etc., to the tune of Rs.7563.97 crores. The payment of one-time spectrum charges from borrowing and cascading effect of wage revision has resulted in considerable interest outgo for MTNL from 2010-11 onwards.

(c) In 2012-13, M/s Deloitte was engaged as a consultant to prepare a revival plan of MTNL. Based on M/s Deloitte recommendations discussions at various levels of the Government including Group of Minister were held. Action on some of the recommendations initiated by the Government were:

(i) Payment of pensionary benefits with effect from 01.01.2000 to government employees absorbed in MTNL.

(ii) Financial support equivalent to upfront charges paid by MTNL for the surrendered BWA spectrum.

(d) MTNL is exploring managed services model with Bharat Sanchar Nigam Limited (BSNL) for its mobile network.

(e) MTNL is exploring the monetization of its assets which may contribute to its revenue.
